

Message Text

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ACTION EB-07

INFO OCT-01 AF-04 ISO-00 AGR-05 CIAE-00 COME-00 INR-05

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FM AMEMBASSY ADDIS ABABA

TO SECSTATE WASHDC 2416

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E.O. 11652: N/A

TAGS: ETRD EAGR ET

SUBJECT: COFFEE: ETHIOPIAN PRODUCTION PROSPECTS

REF: (A) ADDIS 13845; (B) ADDIS 13731

1. ACCORDING TO NEWLY APPOINTED ACTING NATIONAL COFFEE BOARD MANAGER, ATO HAILU TEFFERA, ETHIOPIA'S EXPORTABLE SURPLUS FOR THE 1974/75 COFFEE YEAR SHOULD BE AROUND 80,000 TONS. THE TOTAL CROP THIS YEAR IS CONSIDERABLY BETTER THAN LAST AND IF PRICES REMAIN AT APPROXIMATELY THEIR CURRENT LEVELS (US\$0.51-52 PER LB. FOB DJIBOUTI OR US\$0.58-59 EX DOCK NEW YORK), EXPORTERS WILL HAVE LITTLE OR NO DIFFICULTY IN EXPORTING ALMOST ALL OR ALL OF THE EXPORTABLE SURPLUS.

2. ETHIOPIA DOES NOT PLAN TO PARTICIPATE IN ANY SCHEMES TO WITHHOLD PART OF ITS NORMAL COFFEE EXPORTS FROM THE INTERNATIONAL MARKET. ATO HAILU STATED THAT ETHIOPIA HAD MADE THIS POSITION CLEAR TO THE INTERNATIONAL COFFEE ORGANIZATION ARGUING THAT ETHIOPIA'S CURRENT ECONOMIC SITUATION, MADE IT IMPERATIVE FOR ETHIOPIA TO EARN ALL THE FOREIGN EXCHANGE IT CAN AND TO GET AS MUCH PURCHASING POWER INTO THE HANDS OF ITS FARMERS AS POSSIBLE. WHILE NEITHER ORGANIZATION IS HAPPY ABOUT ETHIOPIA'S ATTITUDE, NEITHER REGISTERED SERIOUS OPPOSITION TO ETHIOPIA'S PLANS.

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3. CONTRARY TO THE EXPECTATIONS OF THE MINISTER OF COMMERCE

THAT THE COUNCIL OF MINISTERS WOULD APPROVE BASING THE COFFEE EXPORT SURTAX ON THE NEW YORK JIMMA PRICE RATHER THAN THE PRICE OF SANTOS NBR 4 (SEE REF B), ATO HAILU INDICATED THAT NO ACTION HAS BEEN TAKEN ON THIS MATTER. THE PRINCIPAL OPPOSITION TO THE CHANGE CONTINUES TO COME FROM THE MINISTRY OF FINANCE.

4. ATO HAILU STRESSED THE IMPORTANCE THE COFFEE BOARD PLACES ON THE NEW YORK MARKET FOR ETHIOPIAN COFFEE AND UNDERLINED THE COFFEE BOARD'S INTENTION TO DO ALL IT CAN TO MAINTAIN AND, IF POSSIBLE, ENHANCE COFFEE EXPORTS TO THE US. IN THIS CONNECTION HE IS TRYING TO PROMOTE A VISIT TO THE NEW YORK AREA BY AN ETHIOPIAN DELEGATION INCLUDING A MEMBER OF THE PROVISIONAL MILITARY ADMINISTRATION COUNCIL.

5. COMMENT: THE COFFEE AUCTIONS ARE RUNNING SMOOTHLY AND, ACCORDING TO COFFEE TRADE SOURCES, US COMPANIES ARE CURRENTLY BUYING SUBSTANTIAL QUANTITIES OF COFFEE.
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Message Attributes

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